



Headquarters Policy Flash

FLASH 2002-37

DATE: November 25, 2002
TO: Procurement Directors
FROM: Office of Procurement and Assistance Policy, ME-61
Office of Procurement and Assistance Management

SUBJECT: **General Services Administration (GSA's) New Federal Acquisition Regulation (FAR) Deviation**

SUMMARY: This Flash is issued to advise of the new FAR Deviation issued by GSA. Business holding government contracts will soon be required to certify their size and status each time an option period is exercised under the terms of a new policy announced by GSA on November 15, 2002.



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Some GSA Schedules contract holders that were small when originally awarded a Schedules contract, are now large, and in some cases may have been purchased by larger companies but are still listed as small on GSA contracts. This is not how the small business programs were intended to function and results in lost opportunities for those businesses intended to be help by these programs.

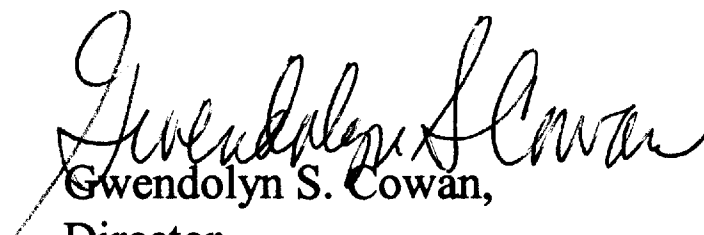
Previously, GSA and the Small Business Administration interpreted language from the FAR to mean that vendors kept their status as a small business for the five-year term of a GSA Schedules contract. At the end of the initial term, vendors would be able to retain that small business status into each of the three, five-year option periods.

GSA's new policy is intended to:

- √ address a loophole in Federal contracting that has allowed businesses to retain their status as "small" (and all the sub-categories) even after they no longer meet the requirements for being classified as small.
- √ ensure that federal contracts intended for small businesses are available to contractors with legitimate small business status. (David Drabkin, GSA's Senior Procurement Executive, issued the deviation on October 10, 2000.)

The change means that contractors operating under the Multiple Award Schedules in GSA's Federal Supply Service, or under any other multiple award contracts, such as the FAST program in GSA's Federal Technology Service, will have to recertify that they qualify as a small business each time their contract or contracts are open for renewal. Failure to recertify could lead to exclusion from federal contracting.

For questions related to this Flash, contact Steve Zvolensky at (202) 586-5936 or via e-mail at stephen.zvolensky@hq.doe.gov


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